Chapter 5
Evaluating the Importance of Behavioral Finance in the Financial Marketing Area:
An Analysis of Turkish Academic Studies

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ABSTRACT

This chapter investigates the thesis in Turkey written in the field of behavioral finance. An important objective is to guide the relevant researchers who are missing in the fields in the literature. For this purpose, 60 theses written so far have been examined with bibliometric analysis method. The period range of these theses is 2003-2018. When Daniel Kahneman won the Nobel Prize in 2002, behavioral finance, which started to attract attention in our country, started to gain momentum especially in times of crisis when unexplained behaviors were explained by the concept of rational people. In addition, 49 of them consisted of master's degree and the remaining 11 were doctoral dissertations. State universities constitute a very large weight of the relevant universities. Studies on behavioral finance have been gathered under various topics. The most studied subject has "character traits of the investors". This is followed by "investment in stocks" and "anomalies".

INTRODUCTION

Human beings' behavior has been questioned for centuries, and each one has been searched for. From the 1870s when psychology was accepted as a scientific field, human behaviors were started to be investigated scientifically. The development of behavioral finance, which tries to find answers to various questions by dissolving human behavior and finance field in the same pot, is much more recent than the

DOI: 10.4018/978-1-7998-2559-3.ch005

other areas that constitute it. When the development of behavioral finance is examined, two cognitive psychologists named Daniel Kahneman and Amos Tversky in the 1970s and the development of Expectation Theory which they formed as a result of various scientific experiments are considered as the first steps in the name of behavioral finance. Afterwards, when Richard Thaler named this new developing area as behavioral finance, a path was made that seemed to be discussed for many years.

The traditional financial approach and the effective market hypothesis established within this framework argue that investors are rational and always make the right decisions because they act in their own interests (Dinçer et al., 2019 a, b, c, d). However, over time, the fact that investors exhibited some behaviors indicating that they were not rational has caused the traditional financial approach to lose its influence and give way to a behavioral finance approach. As a matter of fact, the aim of the behavioral finance is to investigate the trends and anomalies that remove the individuals from rationality and to investigate the effects on the investment decisions.

The discipline of behavioral finance reminds us that we are all human beings. Being human means the probability of making mistakes because human beings have many different emotions and hundreds of different thoughts. At the same time, these feelings and thoughts can be changed very frequently due to stimuli from the environment and can be controlled by the related stimuli. In summary, human behavior does not have a complete rationality as mentioned in the effective market hypothesis. For this reason, it is very difficult to predict the investment decisions of the individuals and their consequences.

In addition to all this, behavioral finance argues that investors decide in many prejudices, especially cognitive, emotional, social and self-deception. These prejudices can lead investors to take erroneous decisions and remove them from rationality. In addition, these prejudices, which cause the formation of anomalies in the market, result in price deviations in stocks (Dinçer, Yüksel, & Adalı, 2019). Effective market hypothesis and traditional finance models have been insufficient to explain the causes and consequences of these anomalies. Instead, new hypotheses and models have been created with behavioral finance approach, such as Barberis, Schleifer, Vishny model, Daniel, Hirshleifer, Subrahmanyam model, Hong and Stein model.

Parallel to the issues listed above, in this study, master's and doctoral theses that have been released regarding behavioral finance in Turkey were examined. In this context, 60 different theses which are named as behavioral finance have been analyzed. These theses were evaluated according to their year, language, type, university and subject. According to the results of the analysis, it is aimed to make some suggestions to the researchers. The main novelty of this study is that it is the first analysis feature built in Turkey in this framework.

General Information About Behavioral Finance

The Definition of Behavioral Finance

Financial theory has been a subject of debate for years. The accuracy of traditional methods based on old rules has been adopted in the financial world for many years. On the other hand, traditional financial methods have become debatable especially in recent years. In this context, some researchers have approached finance with a modern perspective. On the other hand, it is assumed that people are rational in the traditional approach. In other words, it is accepted that people always make reasonable decisions in this financial sense (Hirshleifer, 2015).

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